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Shanghai

1. Owners of small factories in Shanghai are finding that moving from the area at the encouragement of the Communist Government is an aid to getting rid of surplus factory workers. Usually half of the workers are unwilling to sign an agreement that states they will not bring their families, and delays in choosing the new site and in transportation results in many more dropping out with a minimum of expense to the owner.
2. Taxes on business in Shanghai are one and one half to six percent of the turnover, depending on the type of business. Many small cotton mills, and tobacco and match factories have closed down; whenever possible the owners simply disappear. The Sung Sing Cotton Mills Nos. 1, 2, 5, and 7 owe the People's Bank several billions of Jen Min Piao (JMP).
3. Employees of the Shanghai branch of the Bank of China were reduced from 2,000 to 600 by the end of March. Some employees were reassigned to posts in North China after a period of indoctrination during which they were paid one half salary. Numerous private banks have gone into liquidation including the Shanghai Silk Industry Commercial and Savings Bank, and the West Asia Industrial Bank. The Shanghai branch of the People's Bank of China, the Communist Government Bank, made a profit of JMP 50 billion in January and lost JMP 80 billion in February.
4. There is little apparent graft in the Communist administration, especially among the higher officials. Graft, however, is found among the lower and middle rank officials, but is carried out with great circumspection. In order to keep this graft at a minimum, personal guests or visitors are not allowed into offices during business hours. Furthermore, the staff of a government office is mustered twice a day for discussion, and anyone appearing particularly well-dressed at these meetings is subject to questioning on his financial situation. Also staff members are periodically changed with other bureaus, as are police from station to station.
5. The salaries of government officials in the East China District working in Shanghai were to be reduced in March to bring them in line with those of

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CENTRAL INTELLIGENCE AGENCY

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officials of other areas. Up to 11 March officials of the departments of Agriculture, Forestry, and the Customs had not been paid for February. Office working conditions are very primitive.

Nanchang, Ningpo, and Country Districts.

6. Silver dollars and copper coin are being used in North Kwangtung, Kwangsi and even in the city of Nanchang. The authorities make no effort to halt this use. In February the rate of exchange was JMP 24,000 to one silver dollar to six twenty-cent silver coins to 300 copper coins.
7. In Nanchang instead of apportioning the taxes on business as a percentage of the turnover, a statutory amount on each business is required. One jewelry store with a turnover of JMP 17,000,000 for the last three months of 1949 was taxed JMP 40,000,000 for that period. The total tax collected for the period by the city was JMP 12 billion.
8. The goal of the Victory bond sale in Nanchang to be reached by 25 March was set at 750,000 units. By 23 March the full amount was not subscribed, and the goal was increased by 10 percent for each day after the deadline was reached. On 23 March the Deputy Chief of Industry and Commerce personally visited many shops exhorting the people to pay up. Having borrowed money for the residents of Nanchang in September 1949 the city government repaid this loan in March at the rate of three Victory bonds to JMP 100,000.
9. In the Ningpo area taxes in kind ranged from 50 to 150 catties per mou, according to the supposed financial standing of the farmer. If grain could not be paid, cash was demanded. Land owned by temples and schools was confiscated.

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